X-pand into the Future

e u r e x *circular 028/00*

Date: Frankfurt, 13 April 2000
Recipients: All Eurex members and vendors
Authorised by: Dr. Jörg Franke

⚠ Action Required - Return Market Maker Application

Introduction of Equity Option on the Equity of T-Online

Related Eurex Circulars: 014/00, 023/00 (Attachments superseded)

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Content may be most important for:	**Attachments:**
➲ Front Office / Trading	Full text of circular
➲ Middle + Back Office	1. Contract Specifications
➲ Auditing / Security Administration	2. Market Maker Obligations
	3. Market Maker Application Form (FAX Reply)

Summary:

Eurex will introduce a new German equity option on the equity of **T-Online**. The introduction will take place on **25 April 2000** provided that at least three market makers have agreed to quote the option. The market maker application form is attached, and interested members are asked to return it by **18 April 2000**.

The full text of the circular provides details under the following headings:

1. **Product Parameters**
2. **Contract Specifications**
3. **Market Making Scheme**
4. **Preparation for Start of Trading**
5. **Data Vendor Symbols**

Introduction of Equity Option on the Equity of T-Online

On 12 April 2000, following the recommendation of the Eurex working committee Equity/Equity Index Products, the Management Boards of the Eurex Exchanges made the decision to introduce a new German stock option on the equity of T-Online.

The introduction will take place on **25 April 2000**, provided that at least three market makers have agreed to quote the option. Interested market makers should use the attached application form and return it to Eurex by 18 April 2000.

T-Online stock will start trading on the cash market on 17 April 2000. Due to the market interest, Eurex has decided to introduce the option on T-Online very shortly afterwards.

With the launch of the option on T-Online, Eurex is extending the list of stock options on selected New Market securities, following the introduction of options on EM. TV, Mobilcom, Consors and Intershop. The introduction of T-Online is a further response to the high market capitalisation, and the high level of interest in that market segment.

1. Product and Parameters

Equity Option	Eurex Code	WKN	ISIN	Position Limits	MM Position Limits	Margin Interval
T-Online	TOI	555770	DE0005557706	16,300	48,900	19 %

Minimum sizes for Cross- and Pre-Arranged Trades and Block Trades are 250 contracts.

Transaction limits are in line with the existing transaction limits of Eurex equity options.

2. Contract Specifications

The new stock option will be issued following the current concept for German stock options. They will be placed in Group B, giving expirations of 1, 2, 3, 6, 9, max 12 months. For the detailed specifications please refer to Attachment 1 which supersedes that attached to Eurex Circular 014/00.

3. Market Making

Market Making is carried out within the scope of regular Market Making at Eurex, with the quote obligations and validity conditions as defined in Attachment 2 which supersedes the version attached to Eurex Circular 023/00. If you are interested in fulfilling the market maker function in this stock option, please complete the application form and return it to Eurex by **18 April 2000,** for the attention of Holger Stürtz on FAX +49(0)69-2101-4461.

4. Preparation for Start of Trading

- On 19 April 2000 (Wednesday) the option and the margin class (also TOI) will be entered into the Eurex system. Corresponding back office transactions will be transmitted electronically.
- On 20 April 2000 (Thursday) after close of trading, settlement prices will be sent for all contract months of the option. In addition, transactions for the PMI file will be generated. Theoretical prices transmitted as part of the end of day processing should be ignored.
- On 25 April 2000 (Tuesday) trading in the option will be started. Orders may be entered into the Eurex system from 07:30 CET.

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Management Board:
Dr. Jörg Franke, Otto E. Nägeli
Andreas Preuß, Jürg Spillmann

5. Data Vendor Symbols

At the present time, Eurex has not received all of the data vendor symbols. This information will be available on our web-site 'www.eurexchange.com' in good time for the start of trading, and will be published on the 'Product News' page, accessible via the path 'Entrance Hall / Products'.

If you have any general questions, the following help-desks will be pleased to assist you:

Technical Help-desk	Tel. +49(0)69-2101-1200
Functional Help-desk (Equity Products)	Tel. +49(0)69-2101-1210
Functional Help-desk (Clearing)	Tel. +49(0)69-2101-1250

If you have questions on the content of this circular, please contact Holger Stürtz on Tel: +49 (0)69-2101-7251 (Holger_Stuertz@exchange.de).

Frankfurt, 13 April 2000

Contract Specifications[1]

Stock Options on
German Shares
(OSTK)

Contract Size

Generally, an options contract gives the buyer of a call the right to buy - or, in the case of a put, the right to sell - 100 shares of the underlying security. Münchener Rückversicherung and Allianz have a contract size of 50 shares.

Minimum Price Movement

Options prices have price gradations of EUR 0.01.

Delivery

Physical delivery of shares of the underlying security.

Delivery Day

Two exchange trading days after the exercise.

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, on the exchange trading day immediately prior to that Friday.

Daily Settlement Price

The last-paid price of the trading day; or, if the last-paid price is older than 15 minutes or does not reasonably reflect actual market conditions, then Eurex will establish the official settlement price.

Exercise Period

American style, i.e. an option can be exercised up to 7:00 p.m. CET[2] on any exchange trading day during the life of the option, except on the dividend declaration date of the underlying security.

Expiration Months

Group A shares: the three nearest calendar months, as well as the following two months within the cycle March, June, September and December thereafter (i.e. up to a maximum of 9 months).

Group B shares: the three nearest calendar months, as well as the following three months within the cycle March, June, September and December thereafter (i.e. up to a maximum of 12 months).

Group C shares: the three nearest calendar months, as well as the following three months within the cycle March, June, September and December thereafter, and the following two months within the cycle June and December thereafter (i.e. up to a maximum of 24 months).

Exercise Prices

Options series may have the following exercise prices:

Exercise prices	Exercise price gradation	
to EUR 5	EUR 0.20	
EUR 5.5 to EUR 10	EUR 0.50	
EUR 11 to EUR 20	EUR 1	
EUR 22 to EUR 50	EUR 2	
EUR 52.50 to EUR 100	EUR 2.50	only for the 1st and 2nd expiration months
EUR 55 to EUR 200	EUR 5	
EUR 210 and above	EUR 10	

For each expiration month, there are at least three call and three put series, each with an in-the-money, at-the-money and out-of-the-money strike price. For options contracts with 18- and 24-month durations, the exercise price gradations are doubled.

[1] Valid as of 25 April, 2000

[2] Up to 9:00 p.m. CET with the extension of Trading hours as of 02 June, 2000

Optionable Stocks

Eurex stock options on German stocks are traded in the following groups according to their expiration months:

Group A

1, 2, 3, 6
and 9 months

Adidas (ADS)
Degussa-Huels (DHA)
Henkel Vz. (HEN3)
Karstadt (KAR)
Linde (LIN)
MAN (MAN)
Metro (MEO)
Muenchener Rueckversicherung (MUV2)
SAP Vz. (SAP3)
Schering (SCH)

Group B

1, 2, 3, 6, 9
and 12 months

Bay. Hypo. und Vereinsbank (HVM)
BMW (BMW)
Consors Discount-Broker (CSO)
Dresdner Bank (DRB)
EM. TV & Merchandising AG (ETV)
Epcos (EPC)
Fresenius Medical Care AG (FME)
Infineon (IFX)
Intershop (ISH)
Lufthansa (LHA)
Mannesmann (MMN)
Mobilcom (MOB)
Preussag (PRS)
RWE (RWE)
Thyssen Krupp AG (TKA)
T-Online (TOI)
VIAG (VIA)

Group C

1, 2, 3, 6, 9, 12, 18
and 24 months

Allianz-Holding (ALV)
BASF (BAS)
Bayer (BAY)
Commerzbank (CBK)
Daimler Chrysler (DCX)
Deutsche Bank (DBK)
Deutsche Telekom (DTE)
Siemens (SIE)
VEBA (VEB)
VW (VOW)

Trading hours (CET)

9:00 a.m. until 5:30 p.m. CET. (9:00 a.m. until 8:00 p.m. CET as of 02 June 2000)

All Stock options are traded with mandatory market-making.

Option Premium

Payments of the equivalent EUR value in full on the first exchange trading day after the buy date.

Market Making

German Equity Options

Quote Obligations

Minimum Size:

50 contracts on the bid and ask side in all option series for options included in groups A, B and C. Exceptions are MUV2 with 5 and Allianz, Consors, EM TV, Intershop, Mobilcom, SAP3, and T-Online with 10 contracts.[1]

Maximum Spread:

A) Regular Spread:

Group A:

Degussa, Henkel Vz., Karstadt, Linde, MAN, Metro

Group B and C:

Bayer, BASF, Bay. Hyp. und Vereinsbank, BMW, Commerzbank, Consors, Daimler Chrysler Deutsche Bank, Deutsche Telekom, Dresdner Bank, EM TV., Epcos, Fresenius Medical Care, Infineon, Intershop, Lufthansa, Mannesmann, Mobilcom, Preussag, RWE, Siemens, Thyssen-Krupp, T-Online, Veba, VIAG,VW

Bid up to	***Spread***
1.33	0.20 EUR
6.66	15 %
999.80	1.00 EUR

B) Exceptions

Group A:

Adidas, Münchener Rückversicherung, SAP Vz. and Schering

Group B and C:

Allianz

Bid up to	***Spread***
10.00	1.00 EUR
20.00	2.00 EUR
30.00	3.00 EUR
50.00	4.50 EUR
9999.80	10 %

Response to quote requests:

- At least 50 % of all Quote Requests have to be answered (up to a max. of 150 quote requests per day)
- within 5 minutes
- with a minimum holding time of 10 seconds

Market Maker Fees:

Trade per contract	EUR 0.04
Exercise per contract	EUR 0.04

[1] For the "Fast Market" product status, a reduced Minimum Size of 25 contracts applies. Exceptions are Allianz, Consors, EM TV, Intershop, Mobilcom, SAP3, and T-Online with 5, and Münchner Rück. with 3 contracts

Application for the Granting of Market Maker Licences at Eurex

Eurex

Product Development/Products

60284 Frankfurt am Main

(Fax: ++49 (0)69 2101-4461)

Applicant

Name of applying exchange participant

Address

Name of contact

Phone No. Fax No.

Application for the Granting of Market Maker Licences pursuant to Subsection 3.3 of the Eurex Exchange Rules

I. We herewith apply for admission as Market Maker pursuant to Subsection 3.3 of the Eurex Exchange Rules.

Provided that the applying company is admitted as an exchange participant at Eurex Zürich, this application also applies to Eurex Zürich.

The granting of a Market Maker Licence is applied for regarding the trading in

Option contracts on equities with the following underlying(s):

☐ AAR (ABN Amro)	☐ CAR (Carrefour)	☐ ETV (EM. TV & Merchand.)	☐ KAR (Karstadt)
☐ ABBN (ABB)	☐ CBK (Commerzbank)	☐ FME (Fresenius Med.Care)	☐ LHA (Lufthansa)
☐ ADEN (Adecco)	☐ CIBN (Ciba Spezialitäten)	☐ FTE (France Telecom)	☐ LIN (Linde)
☐ ADS (Adidas)	☐ CLN (Clariant)	☐ FOT (Fortum Corporation)	☐ LONN (Lonza)
☐ AEN (Aegon)	☐ CSGN (Credit Suisse Gr.)	☐ GEX (Vivendi)	☐ LOR (L'Oreal)
☐ ALUB (Algroup)	☐ CSO (Consors)	☐ HEN3 (Henkel Vz.)	☐ MAN (MAN)
☐ ALV (Allianz)	☐ DBK (Deutsche Bank)	☐ HEPE (Helsinki Tel. Corp.)	☐ MEO (Metro)
☐ ASG (Generali)	☐ DCX (Daimler Chrysler)	☐ HOEC (Hoechst)	☐ MMN (Mannesmann)
☐ AVE (Aventis)	☐ DHA (Degussa Hüls)	☐ HOL (Holderbank)	☐ MOB (Mobilcom AG)
☐ AXA (AXA-UAP)	☐ DRB (Dresdner Bank)	☐ HUKI (Huhtamäki I)	☐ MSRB (Metsä-Serla Corp.B)
☐ BAS (BASF)	☐ DTE (Deutsche Telekom)	☐ HVM (Bayer.Hypo-.Vereinsb.)	☐ MUV2 (Münchner Rück.)
☐ BAY (Bayer)	☐ ENT (ENI)	☐ INN (ING)	☐ NESN (Nestlé)
☐ BMW (BMW)	☐ ENUR (StoraEnso R)	☐ IFX (Infineon Technologies AG)	☐ NOA3 (Nokia Corporation A)
☐ BNP (BNP Paribas)	☐ EPC (Epcos AG)	☐ ISH (Intershop Comm. AG)	☐ NOVN (Novartis)

☐ PHI (Philips St.)	☐ SAP3 (SAP Vz.)	☐ SUN (Sulzer)	☐ VEB (Veba)
☐ PRS (Preussag)	☐ SCH (Schering)	☐ TKA (Thyssen Krupp)	☐ VIA (VIAG)
☐ RAN (Rentenanstalt)	☐ SCMN (Swisscom)	☐ TOI (T-Online)	☐ VLM (Metso Corporation)
☐ ROG (Roche Holding)	☐ SET (Tele. Italia)	☐ TOTB (Total Fina)	☐ VOW (Volkswagen)
☐ ROY (Royal Dutch)	☐ SIE (Siemens)	☐ TTEB (TietoEnator Corp.)	☐ ZUAN (Zurich Allied)
☐ RPL (UPM-Kymmene Corp.)	☐ SMPA (Sampo Insurance)	☐ UBSN (UBS AG)	
☐ RUKN (Schweiz. Rückv.)	☐ SOY (Sonera Corporation)	☐ UHRN (The Swatch Group)	
☐ RWE (RWE)	☐ SRN (SAir Group)	☐ UNI (Unilever)	

☐ ODAX
Option contracts on the German Stock Index (DAX®)

☐ OFOX
Option contracts on the Finnish Stock Index (FOX®)

☐ OEU3
Option contracts on the Three-Month Euribor Future

☐ OSMI
Option contracts on the Swiss Market Index (SMI®)

☐ OGBL
Option contracts on Euro-BUND Futures

☐ OGBM
Option contracts on Euro-BOBL Futures

☐ OGBS
Option contracts on Euro-Schatz Futures

☐ ONOR
Option contracts on the Dow Jones Nordic STOXX 30

☐ OSTX
Option contracts on the Dow Jones STOXX 50

☐ OESX
Option contracts on the Dow Jones Euro STOXX 50

II. The functions associated with such Market Maker Licences will be carried out by the following persons who have already been admitted for trading at Eurex:

Name, first name	Product to be covered
Name, first name	Product to be covered
Name, first name	Product to be covered

We herewith declare that the persons listed above have the necessary professional and personal qualification to fulfil the Market Maker functions pursuant to Subsection 3.3 of the Eurex Exchange Rules.

III. We confirm that we know the Eurex Rules and Regulations and declare that we will comply with these provisions in their relevant current version.

Place and Date

Company Stamp and authorized Signature